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IN THE UNITED STATES DISTRICT COURT FOR THE  
 NORTHERN DISTRICT OF CALIFORNIA  
 SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil No. 07-4762-PJH
	)	
	)	
CHARLES CATHCART <i>et al.</i>	)	<u>THE UNITED STATES'S</u>
	)	<u>INITIAL DISCLOSURES</u>
	)	
Defendants.	)	

Pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure, defendant, the United States of America makes the following initial disclosures:

**I. Individuals**

The following individuals may have discoverable information that the United States may use to support its claims or defenses in this case:

1 A. The following individuals may have information relating to (I) the promotion,  
2 execution, mechanics, history, scope, and extent of any tax-fraud scheme promoted and/or  
3 organized by the defendants, including the 90% Loan programs, as those programs are described  
4 in the complaint and/or (ii) the role of any entity by or related to any defendant, including  
5 Derivium Capital, LLC, Derivium (USA), Inc., Veridia Solutions, BVL, Optech Limited, Whitco,  
6 in promoting and/or organizing any aspect of any tax-fraud scheme, including the 90% Loan  
7 programs, as those programs are described in the complaint:

- 8 1. Charles Cathcart  
9 c/o Eric Webb  
10 Bartsch & Webb  
11 317 Rosecrans Avenue  
12 Manhattan Beach, California 90266
- 13 2. Scott Cathcart  
14 c/o David Bujannoff Porter , Jr.  
15 Wood & Porter  
16 333 Sacramento Street  
17 San Francisco, CA 94111
- 18 3. Yuri Debevc  
19 1483 Burningtree Road  
20 Charleston, SC 29412
- 21 4. Robert Nagy  
22 c/o Farley J. Neuman  
23 Tom Prountzos  
24 Jenkins Goodman Neuman & Hamilton LLP  
25 417 Montgomery Street, 10<sup>th</sup> Floor  
26 San Francisco, CA 94104
- 27 5. Randolph Anderson  
28 Charleston, South Carolina
6. Robert Brandenburg  
Charleston, South Carolina
7. Mark Broadwater  
Charleston, South Carolina
8. Jack Flader  
157 Hong Lok East  
Hong Lok Hong Kok Yuen Po Nt.  
Hong Kong
9. Chi-Hsu Hsin  
321 Courthouse Road

Franklin Square, New York 11010-3936

10. Bryan Jeeves  
Jeeves Group of Companies  
Bahnhofstrasse 7  
Schaan  
Lichtenstein

11. Ron Jenkins  
Charleston, South Carolina

12. Patrick Kelley  
Charleston, South Carolina

13. David Lancaster  
California

14. Clifford Lloyd  
142 James St. S.  
Hamilton, Ontario, L8P 3A2

15. Jerry Pryor  
Charleston, South Carolina

16. Catherine Sandifer  
London, England

17. Jonathan Sandifer  
London, England

18. Timothy Scrantom  
Montana

19. Allison Skinner  
Charleston, South Carolina

20. Franklin Thomason  
11469 West Camdon Drive  
Casa Grade, Arizona 85222

21. To the extent not mentioned above, current or former employees of the following companies with information relating to that company's involvement with the promotion, organization, and/or execution of the 90% Loan programs, as those programs are described in the complaint:

a. Scienda LLC  
Charleston, South Carolina

- b. Shenandoah Holdings, LLC (Nevada)
- c. Diversified Design Associates, Ltd. (South Carolina)
- d. Bancroft Ventures Limited  
Douglas, Isle of Man, British Isles
- e. Optech Limited  
590 Madison Avenue, 31<sup>st</sup> Floor  
New York, New York 10022
- f. Spencer Partners
- g. WITCO  
London, England
- h. Veristeel  
Nevada

B. The following individuals may have information relating to the role of any banks, investment banks, broker-dealers and/or other financial institutions in the promotion, execution, and/or organization of any tax-fraud scheme promoted or organized by defendants, including the 90% Loan programs, as those programs are described in the complaint:

1. Robert Gooch  
Morgan Keegan and Company, Inc.  
Memphis, Tennessee
2. George Gordon  
Wachovia Corporation  
Richmond, Virginia
3. Kevin Haase  
Janney Montgomery Scott, LLC  
Philadelphia, Pennsylvania
4. David Johansen  
Napa Valley, California
5. One or more individuals employed currently or previously by Wachovia Corporation with information relating to that company's involvement with the promotion, organization and/or execution of the 90% Loan programs, as those programs are described in the complaint.
6. One or more individuals employed currently or previously by Morgan Keegan and Company, Inc. with information relating to that company's involvement with the promotion,

1 organization and/or execution of the 90% Loan programs, as those programs are described in the  
2 complaint.

3 7. One or more individuals employed currently or previously by Janney Montgomery  
4 Scott, LLC with information relating to that company's involvement with the promotion,  
5 organization, and/or execution of the 90% Loan programs, as those programs are described in the  
6 complaint.

7  
8 C. The following individuals may have information relating to the false and/or fraudulent  
9 statements made by defendants, and/or any entities owned, operated, or affiliated with defendants  
10 in connection with their promotion, execution, and/or organization of the 90% Loan programs:

- 11 1. Arline Baker  
12 Pennsylvania
- 13 2. Chris Benigno  
14 Texas
- 15 3. Ted Bush  
16 California
- 17 4. Ellen Carrie  
18 Texas
- 19 5. Robert G. Fisher  
20 Texas
- 21 6. Donald Hancock  
22 Fair Oaks, California
- 23 7. Hammond  
24 Texas
- 25 8. Douglas Hartman  
26 California
- 27 9. Members of the Newton Family  
28 Wyoming
10. Daryl Paules  
Pennsylvania
11. Richard Potempa  
Colorado

12. Robert Sablehaus  
Baltimore, Maryland
13. Jing Li Sun  
California
14. Jiong Sun  
California
15. David Welch  
Menlo Park, California

## II. Documents

The United States has the following categories of documents within its possession, custody or control that it may use to support its claims or defenses in this case:

- A. Defendants' promotional materials relating to the 90% Loan programs.
- B. Master Loan Agreements executed by defendants and/or related entities in connection with the 90% Loan programs.
- C. Investment and Loan Agreements executed by defendants in connection with the 90% Loan programs.
- D. Stock Loan Administration Agreements executed by defendants in connection with the 90% Loan programs.
- E. Incorporation documents for companies operated by and/or affiliated with defendants in connection with their promotion, execution and organization of the 90% Loan programs.
- F. Incorporation documents for companies founded by Charles Cathcart and/or other defendants with the proceeds they received from the 90% Loan programs.
- G. Defendants' individual and corporate tax returns.
- H. Lists of customers who participated in the 90% Loan programs.
- I. Documents reflecting defendants' customers' 90% Loan program transactions.
- J. Lists of qualified advisors for Derivium Capital, LLC and its related entities.
- K. The following publicly available documents:

1 1. Court filings in the related cases referenced in Part No. 9 of the Parties' Joint  
2 Case Management Statement, filed December 28, 2007, Dkt. # 22.

3 2. Court documents from People of the State of California v. Derivium Capital,  
4 LLC, et al., Case No. 02AS05849.

5 3. News articles discussing Charles Cathcart, Derivium Capital, LLC, and/or the  
6 90% Loan programs, as they are described in the complaint.

7 **III. Damages**

8 The United States is not seeking damages in this cases.

9 **IV. Insurance Agreements**

10 Insurance agreements are not applicable to this case.

11  
12 February 25, 2008

13 Respectfully submitted,

14 JOSEPH P. RUSSONIELLO  
15 United States Attorney

16 /s/ Allyson B. Baker  
17 ALLYSON B. BAKER  
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**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the foregoing has been made upon the following by depositing a copy in the United States mail, postage prepaid, and through e-mail, this 11<sup>th</sup> day of February, 2008.

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/s/ Allyson B. Baker  
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